

Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 SP-02 USIA-06 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 IGA-02
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OPIC-03 LAB-04 SIL-01 L-03 H-01 PA-01 PRS-01
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FM USLO PEKING
TO SECSTATE WASHDC 9809
INFO AMEMBASSY MOSCOW
AMEMBASSY PRAGUE
AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 0317

E.O. 11652: GDS
TAGS: ETRD CH CZ
SUBJ: PRC-CZECH TRADE

SUMMARY: PRC-CZECH 1978 TRADE AGREEMENT, SIGNED IN DECEMBER, SPECIFIES TOTAL TRADE TURNOVER OF APPROX 358 MILLION SWISS FRANCS (APPROX \$178 MILLION). THIS IS A MODEST (8.6 PERCENT) INCREASE OVER TRADE LEVEL IN 1977 AGREEMENT. COMMODITY COMPOSITION IS VERY SIMILAR TO LAST YEAR. LEADING CZECH EXPORTS TO PRC ARE TRUCKS, MACHINERY, AND STEEL. PRINCIPAL PRC EXPORTS ARE LIGHT MANUFACTURES, RICE, NON-FERROUS METALS, AND CLOTHING. UNLIKE PRC TRADE WITH SOME OTHER EASTERN EUROPEAN COUNTRIES, FREE CURRENCY TRADE CONSTITUTES ONLY SMALL PROPORTION OF THE TOTAL. END SUMMARY.

1. NCNA ANNOUNCED SIGNING IN PEKING OF 1978 PRC-CZECHOSLOVAK TRADE AND PAYMENTS AGREEMENT ON DEC 17. SIGNERS WERE PRC VICE MINISTER OF FOREIGN TRADE WANG JUN-SHENG AND CZECH VICE MINISTER OF FOREIGN TRADE (AND TRADE DELEGATION LEADER) MIROSLAV BURSA. USLO OFFICERS HAD OPPORTUNITY TO DISCUSS AGREEMENT, AND CZECH-CONFIDENTIAL

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PRC TRADE GENERALLY, WITH CZECH EMBASSY COMMERCIAL COUNSELOR CHLAPIK ON JANUARY 31.

2. COMPOSITION OF CHINESE EXPORTS AND IMPORTS SPECIFIED IN NEW AGREEMENT IS ALMOST UNCHANGED FROM LAST YEAR'S PACT. NEW AGREEMENT SETS LEVEL OF CHINESE IMPORTS FROM CZECHOSLOVAKIA AT SWISS FRANCS (SF) 184.522 MILLION,

AN INCREASE OF 7.2 PERCENT OVER THE 1977 AGREEMENT. LEADING IMPORTS ARE: MOTOR VEHICLES AND PARTS (SF94.6 MILLION); SPECIAL MACHINERY (SF 17.2 MILLION); METALWORKING MACHINERY (SF 13.0 MILLION); IRON OR STEEL UNIVERSALS, PLATES AND SHEETS (SF 12.2 MILLION) POWER GENERATING MACHINERY OTHER THAN ELECTRIC (SF 11.4 MILLION); STEEL TUBES, PIPES AND FITTINGS (SF 10.0 MILLION); AND ELECTRIC POWER MACHINERY AND SWITCHGEAR (SF 10.9 MILLION).

3. CHINESE EXPORT LEVEL IS SET AT SF173.469 MILLION, AN INCREASE OF APPROX 10.2 PERCENT OVER 1977 AGREEMENT. LEADING CHINESE EXPORTS ARE: MISCELLANEOUS MANUFACTURED (SF25.3 MILLION); RICE (SF 41.0 MILLION); NON-FERROUS METAL ORES AND CONCENTRATES (SF 16.6 MILLION); TEA AND SPECES: (13.6 MILLION); AND CLOTHING (SF 12.243 MILLION).

4. CHLAPIK SAID THAT CZECHOSLOVAKIA EXPORTED 1000 TRUCKS TO PRC IN 1977 AND IS COMMITTED TO INCREASE NUMBER TO 1500 UNITS IN 1978. THE CHINESE WOULD LIKE TO PURCHASE EVEN MORE, BUT CZECH MANUFACTURERS ARE UNABLE TO SUPPLY.

5. ACCORDING TO CHLAPIK, ONLY A SMALL PROPORTION OF PRC-CZECH TRADE (APPROX 3. TO 3.5 PERCENT) IS CONDUCTED OUTSIDE THE FRAMEWORK OF THE TRADE AGREEMENT, USING FREE CURRENCY. INTERNATIONAL MARKET PRICES ARE USED TO DETERMINE PRICE LEVELS IN PRC-CZECH TRADE, AND THIS IS OFTEN A PROBLEM IN CONFIDENTIAL

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REACHING AGREEMENT WITH THE CHINESE. CHLAPIK SAID THAT DUE TO THE LIMITED NEGOTIATING PARAMETERS OF CHINESE TRADE DELEGATIONS SENT ABROAD, CZECHS FIND IT PREFERABLE TO DISCUSS TRADE MATTERS IN PEKING.

7. LIST OF COMMODITIES TO BE TRADED UNDER 1978 AGREEMENT BEING POUCHED TO ADDRESSEES.
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